

State of Alaska FY2003 Governor's Operating Budget

Department of Revenue Municipal Bond Bank Authority BRU/Component Budget Summary

BRU/Component: Municipal Bond Bank Authority

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Component Mission

The mission of the Alaska Municipal Bond Bank is to provide municipalities with financing options for capital projects.

Component Services Provided

- Issue bonds to make loans to municipalities for capital projects at lower rates than the municipalities would incur elsewhere.
- Help municipalities gain experience in financial markets and establish a positive credit history.
- Monitor opportunities to issue bonds to refinance existing debt.
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Component Goals and Strategies

1. INCREASE THE AWARENESS OF THE BOND BANK'S SERVICES
 - Plan communications effort targeted at current users, potential new users, and the Legislature to keep them informed of Bond Bank services and revenue-generating potential.
 - Provide support and training to municipalities in their capital improvement financing programs.
2. REFINANCE EXISTING DEBT TO REDUCE MUNICIPALITIES' COSTS
 - Review the current debt portfolio and determine if any outstanding issues provide significant refinancing opportunities under current market conditions.
3. MAINTAIN BOND BANK'S CREDIT RATING

Key Component Issues for FY2002 – 2003

- Fiscal Years 2001 and 2002 represent one of the most active periods in the history of the AMBBA. Outstanding debt has increased by over 27% during this timeframe to a balance of \$214.5 million outstanding. This leaves \$85.5 million that the Bond Bank can issue under its statutory limitation of \$300 million. The Bond Bank will continue to seek to maintain the diversity of the borrowers in the pool, including attempts to attract stronger credits in order to maintain overall credit strength.

Major Component Accomplishments in 2001

- During FY2001 the Bond Bank completed six bond issuances for a total of \$50,772,878. The communities benefiting from these issuances include the Northwest Arctic Borough, the City of Wrangell, the City of Nome, the City of Petersburg, the Lake & Peninsula Borough, the City of Saint Paul, the Kenai Peninsula Borough, the Kodiak Island Borough, and the City of Seward.

Statutory and Regulatory Authority

AS 44.85.020

Key Performance Measures for FY2003

Measure:

The number of capital projects financed or refinanced with bonds as compared to the total number of projects for which applications were made.

Sec 130 (b) (1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The Bond Bank received 14 applications in Fiscal Year 2001, 11 of which resulted in 15 projects being

- financed in 9 communities. The remaining three applications from FY 2001 were funded in the first six months of FY 2001. Year to date in FY 2002 the Bond Bank has issued \$23,140,000 in four series of bonds to fund seven projects.

Benchmark Comparisons:

Perform year-to-year trend analysis.

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Measure:

The par amount of bonds issued during the year and estimated savings to Alaska communities through Bond Bank sales.

Sec 130 (b) (2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY 2001 the Bond Bank issued bonds in a par amount of \$50,772,87. Communities are estimated to

- have saved \$3,856,000 through the Bond Bank participating in these financings.

Measure:

The cost of operations compared to the value of the bonds issued.

Sec 130 (b) (3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

During FY2001, the Bond Bank issued \$50.7 million in bonds. Their total expenditures for the same period were

- \$.5 million. Cost of operations represented 1% of the total bonds issued.

Municipal Bond Bank Authority

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	64.1	64.9	66.4
72000 Travel	5.9	10.1	10.1
73000 Contractual	424.4	442.4	442.4
74000 Supplies	0.0	3.8	3.8
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	494.4	521.2	522.7
Funding Sources:			
1104 Alaska Municipal Bond Bank Receipts	494.4	521.2	522.7
Funding Totals	494.4	521.2	522.7

Municipal Bond Bank Authority**Proposed Changes in Levels of Service for FY2003**

No anticipated change in services provided

Summary of Component Budget Changes**From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	521.2	521.2
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	1.5	1.5
FY2003 Governor	0.0	0.0	522.7	522.7

Municipal Bond Bank Authority**Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2002</u>	<u>FY2003</u>		
	<u>Authorized</u>	<u>Governor</u>		
Full-time	1	1	Annual Salaries	48,660
Part-time	0	0	COLA	1,033
Nonpermanent	0	0	Premium Pay	1,497
			Annual Benefits	16,537
			<i>Less 1.96% Vacancy Factor</i>	(1,327)
			Lump Sum Premium Pay	0
Totals	1	1	Total Personal Services	66,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Manager III	0	0	1	0	1
Totals	0	0	1	0	1